



Los Angeles County AUDIT COMMITTEE

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September 5, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

COMMISSION REVIEW PROCESS--SUNSET REVIEW FOR THE REAL ESTATE MANAGEMENT COMMISSION (ALL DISTRICTS AFFECTED) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve introduction of ordinance extending the sunset review date for the Real Estate Management Commission to December 31, 2010.

PURPOSE OF RECOMMENDED ACTION/ JUSTIFICATION:

The sunset review date of the Real Estate Management Commission was inadvertently allowed to expire on September 1, 2005. The Board has continued to appoint and reappoint members to the Real Estate Management Commission since such date. Therefore, it is necessary for the Board to adopt the ordinance to extend the sunset review as requested by the Audit Committee to December 31, 2010.

On December 1, 1994, the Audit Committee submitted its initial report in response to your Board's instruction to review the effectiveness of County commissions, committees and task forces defined under Chapters I and IV of the Los Angeles County Committee Book. Consistent with your Board's instructions, the Audit Committee is submitting the results of the evaluation of the Real Estate Management Commission (Commission) performed by the Auditor-Controller, and recommendations from Audit Committee for further action by your Board.

The Commission reviews real estate transactions with specific focus on operating, capital and build-to-suit long term leases. The Commission's review and approval of proposed leases enables the County to determine cost-effective approaches to leasing, helps assure competitive rental rates, and creates manageable contract provisions needed for County programs housed in leased space.

During this review period, the Commission accomplished the following: Reviewed and consulted on all major County leases; Approved a new standardized full-service lease contract that eliminates ambiguities relating to contract responsibilities; Also, the new lease contract language provides additional guidance and structure for the Chief

Administrative Office's (CAO) Lease Acquisition staff; and continued to assist the CAO in the meeting the goals and objectives of the County of Los Angeles Strategic Plan as updated in 2005.

FISCAL/FINANCING IMPACTS:

Members receive a \$50 stipend for each meeting attended, not to exceed twenty-four meetings in any one calendar year. Commissioners are also entitled to reimbursement for their actual and necessary traveling expenses in performing their duties, including transportation, meals, and lodging.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Commission was established and has been continued by Board Order pursuant to Chapter 3.58 of the Los Angeles County Code. The Commission's most recent Board-approved sunset review date was January 21, 2003.

The Commission is an advisory body to the Board and all affected departments and entities on all matters pertaining to the purchase, sale, lease, exchange and rental of real property, or any interest therein, to Los Angeles County or any public entity of which the Board of Supervisors is the governing body. The Commission provides advice, counsel, and recommendations concerning major leases with terms of 10 years or longer, in which the County or any public entity is lessee or lessor. Excluded from the Commission's purview are leases and concessions in small craft harbors.

The Commission consists of five members appointed by the Board of Supervisors.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Extending the sunset review date for the Commission will allow this body to continue to review and consult on major County leases. The Commission will review the scope of its advisory powers and duties as established in County Code, to determine how it can better serve the County's property interests.

Respectfully submitted,


LOUISA OLLAGUE
Chairperson, Audit Committee

cc: Chief Administrative Office
Executive Officer of the Board of Supervisors
Commission Services
County Counsel
Auditor-Controller
Real Estate Management Commission



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

June 29, 2006

TO: Audit Committee

FROM: J. Tyler McCauley *[Signature]*
Auditor-Controller

SUBJECT: **SUNSET REVIEW FOR THE LOS ANGELES COUNTY REAL ESTATE
MANAGEMENT COMMISSION**

RECOMMENDATION

The Audit Committee recommend to the Board of Supervisors (Board) to extend the Los Angeles County Real Estate Management Commission's sunset review date to December 31, 2010.

BACKGROUND

The Real Estate Management Commission (Commission) was established by the Board, and is continued pursuant to Chapter 3.58 of the Los Angeles County Code. The most recent renewal was approved by the Board on January 21, 2003.

The Commission advises the Board and all affected departments and entities on issues related to the purchase, sale, lease, exchange and rental of real property, or any other property interest held by the County or public entity of which the Board is the governing body. The Commission also provides advice concerning major leases with terms of 10 years or longer in which the County, or any public entity, is lessee or lessor. The Commission does not review leases and concessions in small craft harbors.

The Commission consists of five Board-appointed members. Each Commissioner receives a stipend of \$50 per meeting attended, not to exceed 24 meetings in any calendar year. Commissioners are also entitled to reimbursement for their actual and necessary travel expenses, including transportation, meals and lodging. During the evaluation period, from July 1, 2002 to December 31, 2005, the Commission held 19

"To Enrich Lives Through Effective and Caring Service"

meetings with an average attendance of 3.4 (68%) members. The Commission's annual budget for stipends and other expenses is approximately \$3,000.

JUSTIFICATION

The Real Estate Management Commission reviews County real estate transactions with specific focus on operating, capital and build-to-suit long-term leases. The Commission's review and approval of proposed leases enables the County to determine cost-effective approaches to leasing, helps assure competitive rental rates, and creates manageable contract provisions needed for County programs housed in leased space. The following are examples of the Commission's accomplishments over the last evaluation period:

- Reviewed and consulted on all major County leases.
- Approved a new standardized full-service lease contract that eliminates ambiguities relating to contract responsibilities. The new lease contract language also provides additional guidance and structure for the Chief Administrative Office's (CAO) Lease Acquisition staff.
- Continued to assist the CAO in meeting the goals and objectives of the County of Los Angeles Strategic Plan as updated in 2005.

The Commission's future goals are to continue to review and consult on major County leases. The Commission will also review the scope of its advisory powers and duties as established in County Code, to determine how it can better serve the County's property interests.

Please call if you have any questions.

JTM:MMO:JLS:MR

Attachments

c: Sachi A. Hamai, Executive Officer
Robin A. Guerrero, Chief, Board Operations
Jim Corbett, Manager, Commission Services
Bradley H. Mindlin, Chair, Real Estate Management Commission

**COMMISSION SUNSET REVIEW
LOS ANGELES COUNTY REAL ESTATE MANAGEMENT COMMISSION
REVIEW COMMENTS**

Mission. (Does the mission statement agree with the Board of Supervisors' purpose and expectations?)

Stated mission is as set forth in the ordinance creating the Commission.
CONCUR

Section 1. Relevancy. (Is the mission still relevant and in agreement with the Board of Supervisors' purpose and expectations?)

The Commission continues to review real estate lease transactions and offers manageable, cost-effective solutions. **RELEVANT**

Section 2. Meetings and Attendance. (Are required meetings held and is attendance satisfactory?)

The County Code establishing the Commission calls for monthly meetings. However, the Commission only meets when necessary. Over the evaluation period, the Commission held a total of 19 meetings with an average attendance of 3.4 (68%) members per meeting. **SATISFACTORY**

Sections 3 and 4. Accomplishments and Results. (Are listed accomplishments and results significant?)

During this review period, the Commission's accomplishments included:

- Reviewed and consulted on all major County leases.
- Approved a new standardized full-service lease contract that eliminates ambiguities relating to contract responsibilities. The new lease contract language also provides additional guidance and structure for the Chief Administrative Office's (CAO) Lease Acquisition staff.
- Continued to assist the CAO in meeting the goals and objectives of the County of Los Angeles Strategic Plan as updated in 2005. **SIGNIFICANT**

Section 5. Objectives. (Are the objectives compatible with the mission and goals and relevant within the current County environment?)

The Commission's future goals are to continue to review and consult on major County leases. The Commission will also review the scope of its advisory

powers and duties, as established in County Code, to determine how it can better serve the County's property interests. **RELEVANT**

Section 6. Resources. (Are the resources utilized by the entity in support of the entity's activities warranted in terms of the accomplishments and results?)

The Commission's annual budget for stipends and other expenses is approximately \$3,000. **WARRANTED**

Section 7. Recommendation.

**EXTEND THE SUNSET REVIEW DATE FOR THE LOS ANGELES COUNTY
REAL ESTATE MANAGEMENT COMMISSION TO DECEMBER 31, 2010.**

| Commissioner | | Nominated by | 9/30/02 | 12/31/02 | 3/31/03 | 6/30/03 | 9/30/03 | 12/31/03 | 3/31/04 | 6/30/04 | 9/30/04 | 12/31/04 | 3/31/05 | 6/30/05 | 9/30/05 | 12/31/05 | Totals | % Attended |
|------------------------------|--------------------------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------------------------------|------------|
| | Number of Meetings per Quarter | | 2 | 2 | 1 | 0 | 0 | 1 | 1 | 2 | 1 | 1 | 3 | 2 | 1 | 2 | 19 | |
| | | | | | | | | | | | | | | | | | | |
| Mr. Thomas J. Griego | | Molina | 0 | 1 | 1 | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 3 | 2 | 0 | 2 | 12 | 63% |
| Mr. David Farrar | | Burke | | | | | 0 | 0 | 1 | 2 | 1 | 1 | 3 | 2 | 1 | 2 | 13 | 93% |
| Mr. Milton G. Gordon | | Burke | 1 | 1 | 0 | 0 | | | | | | | | | | | 2 | 40% |
| Mr. Bradley H. Mindlin | | Yaroslavsky | 2 | 1 | 1 | 0 | 0 | 1 | 1 | 2 | 1 | 1 | 3 | 1 | 0 | 2 | 16 | 84% |
| Mr. David Thomas Mercer | | Knabe | | | | | | | | | | | 0 | 2 | 1 | 2 | 5 | 63% |
| Mr. Edwin Thornton Ibbelton | | Knabe | 2 | 2 | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | | | | | 10 | 91% |
| Ms. C. H. Jake | | Antonovich | | | | | | | | | | | 0 | 1 | 1 | 2 | 4 | 50% |
| Mr. Patrick K. Pinster, Esq. | | Antonovich | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | 2 | 20% |
| Totals | | | 5 | 6 | 4 | 0 | 0 | 3 | 3 | 6 | 3 | 4 | 9 | 8 | 3 | 10 | 64 | |
| | | | | | | | | | | | | | | | | | Average Attendance Per Meeting | → 3.4 |